

Message Text

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TAGS: ETRN, EAIR, EWWT, UK

SUBJ: DELAY IN NATIONALIZATION OF SHIPBUILDING AND AIRCRAFT
INDUSTRIES

REF: LONDON A-486

1. AFTER A WEEK OF OFF-AGAIN, ON-AGAIN GOVERNMENT STATEMENTS ON THE INTRODUCTION OF THE BILL TO NATIONALIZE THE BRITISH SHIPBUILDING AND AIRCRAFT INDUSTRIES, THE INDUSTRY SECRETARY ANNOUNCED IN PARLIAMENT EVENING OF JULY 1 THAT THE BILL WILL NOT BE INTRODUCED IN THE PRESENT SESSION. THE GOVERNMENT HAS EMPHASIZED IT INTENDS TO GO AHEAD WITH THE BILL GIVING IT TOP PRIORITY IN THE AUTUMN SESSION OF PARLIAMENT. NONETHELESS, REPORTS SUGGEST IT NOW SEEMS UNLIKELY THAT TAKE-OVER OF THE COMPANIES CAN BE ACHIEVED BEFORE LATE SUMMER OF 1976.

2. BACKGROUND: PRESS AND RADIO REPORTS JUNE 27 NOTED THAT THE GOVERNMENT HAD DECIDED TO DROP FROM THE PRESENT PARLIAMENTARY SESSION CONSIDERATION OF THE BILL TO NATIONALIZE THE AIRCRAFT AND SHIPBUILDING INDUSTRIES; AN OFFICIAL ANNOUNCEMENT WAS SAID TO BE IMMINENT. VIOLENT REACTION BY LABOUR PARTY LEFT-WINGERS ANXIOUS TO PROCEED WITH THE TAKE-OVER OF THE INDUSTRIES AND SIMILAR REACTION FROM THE UNCLASSIFIED

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INDUSTRIES THEMSELVES WHICH CONSIDER A DELAY IN A DECISION

ON NATIONALIZATION WOULD LEAVE THEM IN AN EXTENDED STATE OF UNCERTAINTY WITHOUT GUIDANCE ON NEEDED INVESTMENT AND FINANCIAL DECISIONS APPARENTLY HAD ITS EFFECT ON GOVERNMENT PLANS. EARLY IN THE WEEK OF JUNE 30, AFTER CONFERRING WITH BOTH GROUPS, THE GOVERNMENT ANNOUNCED IT WOULD STICK TO THE PREVIOUSLY ANNOUNCED SCHEDULE AND INTRODUCE THE BILL IN THE PRESENT SESSION.

3. SOME REPORTS LINKED THE INITIAL PROPOSED DELAY OF THE BILL WITH GOVERNMENT ANTI-INFLATIONARY PLANS SINCE A DELAY IN TAKE-OVER WOULD PUT OFF THE PUBLIC EXPENDITURE NEEDED TO IMPLEMENT THE BILL WHEN IT BECOMES LAW.

4. ON THE EVENING OF JULY 1, VARLEY FINALLY ANNOUNCED IN A WRITTEN REPLY IN THE COMMONS THAT THE BILL WOULD BE POSTPONED UNTIL THE NEXT SESSION OF PARLIAMENT. HE SAID IN HIS STATEMENT THAT THE GOVERNMENT "ATTACHED THE HIGHEST IMPORTANCE" TO ENDING THE DELAY AND UNCERTAINTY FOR THE TWO INDUSTRIES. LEGISLATIVE CONGESTION AND LACK OF PARLIAMENTARY TIME, HE SAID, MADE IT IMPOSSIBLE FOR THE BILL TO COMPLETE PROGRESS THROUGH PARLIAMENT BEFORE THE END OF THE CURRENT SESSION, BUT THE BILL WOULD GO FORWARD "...AT THE VERY EARLIEST OPPORTUNITY IN THE NEXT SESSION...".

RICHARDSON

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